The Global Network of Financial Geography (FinGeo) Online Workshop

25th November 2020 (13:00-17:00 GMT) and 26th November 2020 (08:00-12:00 GMT)

Evolving Geographies of FinTech

Co-convenors
David Bassens (Vrije Universiteit Brussel)
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Karen P.Y. Lai (Durham University)
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Theme

This 2-day workshop aims to bring together a global audience of academics, industry practitioners and regulators to take stock of emerging, evolving and maturing geographies of financial technology (FinTech). FinTech operates at the intersections of the financial and technology sectors, where big technology (BigTech) firms and start-ups are creating new platforms, products, and services beyond those currently provided by the traditional finance industry. FinTech domains and applications cover a wide range – from blockchains, cryptocurrencies and artificial intelligence, to robo-advising, mobile platforms and big data analytics. Instead of being threatened by the 'disruptive' potential of FinTech as such, incumbent banks and financial institutions have become more aggressive in the adoption and development of FinTech through the acquisition of technological capabilities, partnerships with tech firms, and setting up FinTech platforms. Novel digital solutions are increasingly rolled out in 'underbanked' environments leading to the rapid financial enclosure/inclusion of populations in the Global South. Meanwhile, regulatory attention has shifted towards BigTech platforms and their endeavours into finance and even monetary policy, such as Facebook aiming to develop a global digital currency. Increasingly, there are geopolitical implications to these developments, as American BigTechs and financial regulators are increasingly challenged by major Chinese platforms, amidst broader trade tensions relating to technology and security issues. This raises the increasingly significant role of FinTech in the rise and evolution of 'surveillance capitalism' and concerns over the rights of data ownership and utilisation. The relevance and potential impacts of FinTech have become all the more pertinent in the age of coronavirus and the accelerated shift towards online transactions and consumption practices.

Registration

The workshop will take place online via Zoom. Please register via this link by **23rd November 2020**. After registration you will receive a personal link that will grant you access to the workshop.

Programme

All times listed as GMT

Day 1: Wednesday 25 November, 13:00-17:00 (GMT)

13:00 – 13:10 **Welcome by the Organisers**

13:10 – 15:00 **Session 1: Economic Geographies of FinTech (Chair: Karen Lai)**

How does artificial intelligence change advanced business services?
The future of accounting and law and the implications for finance
James Faulconbridge, Lancaster University

It is well known that finance is locked into interdependent relationships with other advanced business services such as accounting and law. As such, changes driven by artificial intelligence (AI) in advanced business services are likely to be important for the development of FinTech – in particular in terms of the interactions between the domains of finance, accounting and law and the services offered in each. In this paper I examine the way AI has been adopted in English accounting and law firms. I draw on an empirical study involving over 75 interviews and participant observation at a series of workshops at which accounting and law firms explored the way AI changes their activities. I present an analysis that reveals both the reinforcement of the distinctive role of accounting and law services in corporate activities, but also the extension of activities into new domains in ways that are indicative of how the new capabilities of advanced business services might shape and coexist with FinTech. The overriding argument is that new technology, such as that associated with FinTech, is important not just because of how it changes existing products and practices, but also because of the new products and practices that emerge and change the advanced business service-Fin-Tech ecology.

AI-related General Purpose Technology (GPT) in Advanced Services:
An Industry Space
Francisco Trincado-Munoz, Loughborough University
Tzameret H. Rubin, Loughborough University
Michiel van Meeteren, Loughborough University
Tim Vorley, Oxford Brookes University

There is much debate how artificial intelligence (AI) applications have the potential to transform organization and practice in advanced services. AI, together with related technologies such as Big Data, Machine Learning are theorized to function as a General Purpose Technology (GPT) changing the different service application sectors. AI-driven innovations foster sector coalescence, inducing Finance to become FinTech, Legal services become LegalTech, Health services become HealthTech, and so forth. Using a novel combination of near real-time datasets and industry space analysis, this paper establishes what an AI-related GPT in advanced services is comprised of, and how it has been bridging different service sectors on the global scale. A subsequent analysis of local knowledge space level results in a typology of different degrees of AI adoption and specialization on the metropolitan level.

Exploring the global dynamics of London's FinTech labour market(s)
Ylka Hysaj, University of Bristol
Jonathan V. Beaverstock, University of Bristol
Greg Schwartz, University of Bristol

The emergence of FinTech, seamlessly intertwining high-tech valleys and roundabouts with financial centres, has not only brought innovation, disruption and intensification of platform capitalism, but has also posed a challenge to the finance and technology sector for matching supply and demand in labour market. Like wholesale banking and allied financial services, the competitiveness of FinTech depends on highly – skilled talented employees, whether in 'fin' or 'tech', to create value. Yet, in literature, little has been said about the labour processes of those highly-skilled workers who have driven FinTech's rapid ascendancy in the financial system. In 2018, 76,500 people worked in FinTech in the UK (set to grow to 105,500 by 2030), with almost half from outside of the UK. In this paper, we will analyse the diversity of the FinTech workforce based on their nationality, skill needs and experiences in relation to job positions. The originality of this study lies in its focus on highly skilled talent in FinTech, the influence of 'fin' or 'tech' skills in the sector and its contribution to London's position as financial centre within the global financial network.

FinTechs and digital banks in Brazil: an empirical analysis (2015-2020)
Fabio Betioli Contel, University of Sao Paulo

Since the 1970s, profound changes have been taking place in financial markets, which have resulted in an increase in the power of financial actors, a complexification of the division of labor in the sector and a diffusion of new informational systems that have made finance practically ubiquitous in the daily lives of urban populations all over the world. This study aims to identify the main characteristics of the emergence and diffusion of FinTechs in Brazilian territory, with emphasis on the recent rise of the so-called digital banks. According to *FinTechLab* reports (several years), in 2015 there were 54 FinTechs in Brazil, divided into 8 branches: payments; financial management; funding; loans; cryptocurrencies; investments; insurance; and data analysis (big data/analytics). As of August 2020, there are already 689 financial companies of this type operating, which means an impressive growth of 1,175% in just 5 years (or 235% per year on average). In addition to the eight types of FinTechs that already existed in 2015, companies began operations in the following branches: multiservices; debt negotiation; digital banks; and exchange and remittances, which indicates a fast complexification of the division of labor within the sector. Despite their relatively low number, digital banks have grown significantly and they are putting pressure on large Brazilian retail banks to start a process of digitalization of their huge technical structures.

Old Finance in New Cryptos: The Pesky Persistence of Structure in Geography
Matthew Zook, University of Kentucky
Michael Grote, Frankfurt School of Finance and Management

When Satoshi Nakamoto proposed Bitcoin in February 2009, their fundamental contribution was to center cryptographic proofs within financial transactions. The key problem identified by Nakamoto, and solved by blockchain technology, was preventing "double-spending" of a digital currency without trusting a centralized structure such as settlement banks or other human-intervenable systems. Despite this powerful rhetorical intervention, experience has demonstrated -- theft of Bitcoins, fraudulent investment opportunities, money laundering, etc. -- that any cryptographic financial system that did not integrate centralized and human oversight was extremely problematic at the global scale. Ten-plus years later, the crypto /

blockchain community is facing somewhat of a watershed. Pressure against the envisioned utopia of a self-governed, free-market space is exerted from three parties and their related geographies: (1) blockchain-based actors clustered and dispersed according to business incentives and requirement; (2) state regulators implementing a range of country and regional rules and (3) central banks overseeing national currencies. First, blockchain firms are actively building new systems and institutions, many of which resemble old-school, real-world institutions to surprisingly great extent: stock exchanges with similar pricing methods as outside ones, quality stock exchanges that have similar signaling functions as rating agencies, governance regimes to uncover fraudulent initial coin offerings (ICOs), investment funds based on crypto currencies, bond-type tokens and equity-type ICOs. Second, several countries have begun to regulate blockchain-based financial activities. A new proposed EU proposed framework on 'Markets In Crypto-Assets' (MiCA) in 2020 is set out to align regulation in the European Union to protect customers as well as to maintain financial stability. In direction and in structure it follows conventional regulation, requiring blockchain firms to comply and to adapt more conventional (and costly) structures. Third, central banks are contemplating to issue digital -- probably blockchain-based -- versions of their own currencies; most recently the ECB has issued plans for a pilot in October 2020. We document this power struggle between the blockchain innovators and the incumbent financial players, regulators and the state. Our hypothesis is that crypto-financial systems will not remain 'alternative', but will be incorporated as a small niche by the incumbent players and 'the system'. We conclude that to shake the system, innovations need either be really big, or deliver advantages to (or against) powerful incumbents, otherwise innovations get eaten up and digested without structural change.

Open discussion

15:00 - 15:10 **Comfort Break**

15:10 – 17:00 **Session 2: FinTech Consumption and Practices (Chair: David Bassens)**

'Customer centricity' and other investor tales of European universal banks in digital times
Mariana Santos, Vrije Universiteit Brussel

At the 2019 Investor Day of Dutch banking group ING, CEO Ralph Hammers confidently paced the stage outlining how the bank was converting its international retail business into a single digital platform. Carefully curated by banks, presentations like this address the so-called 'investor community' (i.e. shareholders, potential investors, namely institutional investors, and other market analysts), reporting on past performance and setting goals and strategy for forthcoming periods. Investor Relations materials, and Investor Days in particular, thus offer unique perspective over the challenges and transformations that in recent years have marked the business model and strategies of high-street, universal banks as a result of the introduction of digital technologies in financial services. Featuring critically here is a new imaginary of 'customer centricity', a trope often articulated in terms of a particular 'experience' that digital technologies render 'personal' as well as 'seamless'. Analysing a range of Investor relations materials (e.g. webcasts, speech transcripts, slideshows) of major European banks, this presentation proposes to encounter 'customer centricity' at the level of its rendering for capital investment. Up for discussion will be the recast of the 'retail branch network' into digital platform of 'primary customers' as new asset form, through distinctive valuation metrics and capitalization plots that seem to codify new subjective relationships to finance and money. This proposal is thus firstly methodological, in relation to processes of digital transformation in finance, while also raising analytical questions as to how financial subjectivation should be re-problematized in connection with platformization in banking.

Disrupting the Corridor: The Micro-Worlds of Mobile Money and Migrant Infrastructures
Liza Rose Cirolia, University of Cape Town

In Africa, remittances are an increasingly important contribution to development, estimated to account for more than aid or direct foreign investment to the continent. A key plank in the developmental project revolves around improving the operation of remittance ‘corridors’. Corridors are generally defined as the accumulated financial flow from remittance-sending to remittance-receiving countries. Improving these corridors includes improving their regulation to ensure traceability of funds and lower risks for companies, countries, and regions. It also includes lowering the costs for end-users by developing more efficient systems. Foregrounding the importance of the corridor, this paper disrupts linear developmental frames. We deploy the concepts of ‘micro-worlds’ and ‘migrant infrastructure’ to make sense of the complex and relational networks which shape remittance flows and practices. While the micro-world foregrounds the regulations which moderate the networks, migrant infrastructure provides details of the agencies and materiality that constitute their composition. To ground the work, we focus on two vignettes of remittance service providers who operate in Cape Town, South Africa, serving the Congolese diaspora community. We showcase both the important role of logistic companies in the informal provision of remittance services, and the rise of fintech companies operating in the remittance space. Using these vignettes, we make four arguments about the micro-worlds and migrant infrastructures of transnational mobile money. First, we show that remittance corridors must be understood as dynamic circuits. Inbound flows from the DRC to Cape Town divert and bend, responding to the constraints of dollarized transnational banking and regulation. Second, we question the common assumption that informal routes are risky while formal routes are costly, revealing overlaps between varied methods of provision. Third, we argue that the digital domain must be centered in discussions on migrant know-how, engaging with how complex networks are shaped by and through emergent digital and financial technologies and practices.

Algoritmic economy and speculative strategies across time and space
Thomas Skou Grindsted, Roskilde University

The speeds at which transactions are completed on global financial markets is accelerating and, in the process, connecting financial centres around the globe like never before. Algorithmic trading in high frequency is a form of automated trading in which machines, rather than humans, make the decision to buy or sell in spatio-temporal sequences. These techniques produce new financial geographies. Accordingly, I examine technological change and speculative time-spaces of algorithmic strategies at stock exchanges. By analysing algorithmic finance, I examine how – and to what extent – time, speed, location and distance become critical for algoritmic finance by configuring time-spaces into competitive factors. The analysis interprets time-spaces of high-frequency trading strategies through the ways in which algoritmic finance constititute what I term mobile market-informational epicentres. This paper discusses the spatio-temporalities of market information and examines if space-times of privately owned HFT infrastructures result in a juxtaposition between ´public´ and ´private´ market information across digital/physical space. It thereby responds to the questions of what role geography plays when algorithms make money in microseconds and how technofinancial time-spaces turn into competitive advantage.

“Invest in people. Literally”: Income Share Agreements, FinTech and the search for profit in post-secondary education

Tom Baker, University of Auckland
Dan Cohen, Queen’s University
Emily Rosenman, Penn State University

In the United States, rising levels of student debt have driven a new wave of financial experimentation in and around the post-secondary education sector. Proposed in the 1950s and implemented briefly in the 1970s, Income Share Agreements (ISAs), where educational institutions and private investors lend directly to students in exchange for a share of their future income, have made a high-profile return in recent years. As a slogan from one private investor, Upstart, puts it: ISAs create opportunities to ”Invest in people. Literally”. Digital financial technology (FinTech) firms have played an important role in the re-emergence of ISAs, with multiple platforms attempting to become the marketplace bridging investors and students through enabling higher volumes, faster processing of contracts, bundled financial products that de-risk investments, and ease of user engagement. With a particular emphasis on the interface of ISAs and FinTech, this presentation first examines the conditions of ISAs’ spread. It then analyses the roles played by key actors (educational institutions, investors, FinTech intermediaries and students) in the construction of digital ISA markets that are pitched as a humane alternative to the student loan debt crushing US college graduates. Finally, the presentation discusses the insights that studying the re-emergence of ISAs in new financialized and digitized forms offers to three theoretical terrains of interest to critical geographers: education markets, the digital economy, and the financialization of social reproduction.

FinTech and the Gamification of Finance

Karen Lai, Durham University
Paul Langley, Durham University

‘Gamification’ is an umbrella term that refers to the use of video gaming techniques (rather than full-fledged games) in non-game digital economy services and applications. Gamification techniques are typically incorporated into user experience (UX) and user interface (UI) designs, and include Points, Badges and Leader boards (PBL) that engage consumer-users by motivating them to keep up with certain tasks to ‘level up’ and unlock rewards or recognition. Across digital economy platforms, gamification techniques are a feature of Tripadvisor and Foursquare, for example, as well as fitness apps like Fitbit and mobile gaming apps such as Candy Crush, Fruit Ninja and Pokémon Go. In FinTech, meanwhile, gamification is becoming increasingly prominent in the UX and UI design of products by digital banks and digital finance services companies in East and Southeast Asian markets. Examples include ‘gamified’ apps that encourage users to engage in low-carbon activities, place money towards savings and insurance coverage, or learn better investment strategies for wealth management. We will propose a three-sided agenda for critically interrogating this gamification of finance, an agenda that broadens the critical study of FinTech beyond prevailing concerns with data, analytics and infrastructures. First, we draw attention to the new forms of business knowledge and specialist UX and UI companies and consultants that are making gamification possible. Second, we examine the ways in which gamification shapes consumer-user practices and subjectivities by mobilising affective energies and encouraging particular forms of ‘attentive’ and ‘virtuous’ behaviours. Third, we pose some geographical questions about the variegated emergence of gamification techniques across different FinTech ecologies to date, and the capacity of these techniques to travel across space. For example, while the UK is home to a number of high profile digital banks (such as Starling, Monzo, Revolut, and Atom), gamification is far less prominent in the UK FinTech economy compared to China and Asia.

Open discussion

Day 2: Thursday 26 November, 08:00-12:00 (GMT)

08:00 – 09:50 **Session 3: Geopolitics of FinTech (Chair: Dariusz Wójcik)**

Cryptocurrencies, Blockchain Technologies and International Sanctions: The Dawn of New Finance/Security Infrastructures?
Malcolm Campbell-Verduyn, University of Groningen
Francesco Giumelli, University of Groningen

Since the advent of Bitcoin in 2009, cryptocurrencies have gained attention for both the promises and pathologies these novel digital tokens offer in enabling peer-to-peer transactions in near real-time. Their largely distributed nature and lack of single overarching authority has contributed to associations of cryptocurrencies with transnational illicit activities. In addition to being implicated in several money laundering and terrorism financing schemes, cryptocurrencies are being harnessed by a number of governments in the Global South seeking to circumvent international sanctions regimes imposed by the United Nations, United States and the European Union. At the same time, and in response to the advent of sanctions-evasion schemes utilising cryptocurrencies, the US has enhanced sanction against Iranian actors while the EU has elaborated restrictive measures targeting financial crimes carried out with cryptocurrencies. How can we understand the roles of cryptocurrencies in both strengthening and circumventing international sanctions? Drawing on policy documents, as well as interviews with experts and practitioners in operating across the financial, security and sanctions worlds, this paper provides a first mapping of formal and informal efforts to both create new, and reinforce existing, financial/security infrastructures around cryptocurrencies and their underlying blockchain technologies. Harnessing insights from International Political Economy and the study of infrastructures in Science & Technology Studies, our analysis points to both the possibilities and limits of geographically dispersed, socio-technical activities for effecting change in contemporary international power and legitimacy.

“War on cash” and FinTech geopolitics
Dennis Stolz, Independent Researcher

FinTech appears as a panacea for solving manifold existential problems. It is widely praised as smart and save technology for settling cashless financial transactions. FinTech solutions are also widely hailed, especially since the COVID-19 outbreak, to be hygienic compared to “dirty cash”. Furthermore, FinTech assumingly helps to alleviate poverty by financial inclusion in the Global South: that means giving “subprime” debtors access to digital credit and financial services. Underneath those sparkling discourses, however, loom manifold profit interests and a sophisticated geopolitical agenda of Western power elites. Especially the US-dominated “Better-than-Cash-Alliance” (BtCA) is a major driver of the political agenda behind FinTech: it lobbies for Wall Street banks, tech companies from Silicon Valley and the US treasury. Together, the alliance officially declared a “War on Cash”. Wall Street worships fin-tech, because it fears financial crisis and a bank-run: customers could withdraw “cash-money” from their accounts. Substituting cash by fin-tech thus means to create an enclosed digital “credit-system” out of the customer’s control. Tech-tycoons from Silicon Valley thereby provide the necessary digital infrastructure. Expanding the fin-tech panopticon towards every corner of the globe – through financial inclusion – thus means sheer endless sources of profit and user data for them. The US-treasury supports the FinTech-agenda, because using US-fin-technology coincides with an increased usage of US-Dollar – which is thus strengthening its dwindling status as world currency. The paper investigates the effects of FinTech geopolitics by analyzing BtCA-strategies and using empirics that cover the "demonetization" of India in a development context.

The Financialization of BigTech
Ilke Adriaans, Centre for Research on Multinational Corporations (SOMO)
Rodrigo Fernandez, Centre for Research on Multinational Corporations (SOMO)
Reijer Hendrikse, Vrije Universiteit Brussel
Tobias Klinge, KU Leuven

In the twenty-first century the world's leading technology firms often referred to as 'BigTech' have become the best capitalized and arguably most powerful corporations on the planet. To understand how these companies monetize their unprecedented sway, having become pawns in the geopolitical and economic strive between the US and China, this paper unpacks the corporate financialization of the world's leading BigTechs, utilizing quantitative information obtained from Refinitiv's *Eikon* database. Combined with our own methods used to acquire, structure and analyze financial data, we distil 15 items of accounting data from the balance sheets, income statements and flow of funds data from five American BigTechs – Alphabet (Google), Amazon, Apple, Facebook, Microsoft – and two Chinese BigTechs – Alibaba and Tencent – over the years 2000 to 2019. Although we detect significant differences in their financial performance, reflecting divergent business models and age profiles, we equally distill a generic 'Big Tech model' underscoring the commonalities between these firms, having all been able to extract vast monopoly rents through operating an array of digital platforms. In so doing, we seek to contribute towards generating an academic understanding of the notion Big Tech, which foremost remains a popular journalistic notion.

Europe's Quest for (FinTech) Autonomy
Carola Westermeier, University of Amsterdam

"Once relegated to the back-office, payments have become strategically significant. They are the lifeblood of the European economy." This statement introduces the new *Retail Payments Strategy* of the European Commission. The report expresses deep concerns that the ambitions of BigTech to enter the payment sector would have potentially disruptive outcomes. With their payment directive the European Commission has already enforced regulation that aims to liberalize and digitize the European payment market. Yet, the trend towards digital finance currently favors non-European BigTech companies which offer the most advanced front-end solutions. Not least, the platformization of payments also implies access to the valuable data financial transactions carry. Amidst rising international tensions, the growing dependence on non-European payment solutions has potentially geopolitical implications. As controversies around Huawei and WeChat, but also the battle around the global financial system of SWIFT show, international disputes increasingly target technological infrastructures. Within the field of payments, the EU struggles to find alternatives to non-European financial technologies, while Chinese and US tech companies aim at enhancing their platform political economy within the field of European payments. I focus on the European quest for 'open autonomy' and discuss how geopolitical considerations are linked to the (strategic) coupling of Fin and Tech.

The Geopolitics of Platform Finance: BigFin-BigTech relations in the European Union
David Bassens, Vrije Universiteit Brussel
Reijer Hendrikse, Vrije Universiteit Brussel

Driven by a logic of digital enclosure, network effects, and rent extraction, platforms have become key infrastructures for accumulation under global financialized capitalism. Platform capitalism is spearheaded by major technology companies (BigTech) entering the realm of finance. 'Appleizing' financial incumbents (BigFin), meanwhile, are partnering with FinTechs to enclose customers in digital ecosystems. More than a matter of intersectoral competition alone, platform finance is of strategic geopolitical importance emblemized by 'platform wars' between the US, China and Europe. This paper intends to understand how geopolitical tensions structure the regulation of platform finance from the perspective of a macro-block that lacks credible tech champions: the European Union (EU). Witnessing the crucial role of data, we expect that BigFin has much to gain from strategically coupling with the supranational state to defend its market position and break up the 'data-opolies' of its BigTech competitors. The starting point of the analysis is the 'European Strategy for Data' proposal prepared by the European Commission at the start of the Von der Leyen term. Through an analysis official stakeholder documents (2016-20), we reconstruct the circulation of geopolitical 'keywords' in the Brussels Bubble in anticipation of the proposal. We find that, despite its deep implication in the global financial crisis, BigFin manages to present itself as the solution for a problem of foreign domination by BigTech. The notion of 'technological sovereignty' of the EU is marshalled to legitimize *corporate* sovereignty of BigFin within a Single European Financial Data Space, shouldering pan-European champions. The BigTech threat is thereby transformed into an argument for strategic deregulation of BigFin and forced data sharing by BigTech with BigFin for the sake of maintaining a 'level playing field'. The outcome of these acts of strategic coupling between BigFin and the EU may be a transfer of power from foreign to *domestic* surveillance capitalists, i.e. digitized too-big-too-fail banks.

Open discussion

09:50 - 10:00 **Comfort Break**

10:00 – 11:50 **Session 4: FinTech Markets and Regulation (Chair: Reijer Hendrikse)**

FinTech and financial instability. A Minskyan perspective
Stefanos Ioannou, University of Oxford
Dariusz Wójcik, University of Oxford

Literature on FinTech has been growing rapidly over the last few years. Informed by contributions from financial geography, the topic has been approached from various starting points, including entrepreneurial ecosystems, financial ecologies, platforms and networks. Nonetheless, the aspects of FinTech related to financial instability have received very little attention, save from discussion on the implications of cryptocurrencies. In this presentation we provide an initial set of reflections, aiming to cover this lacuna. Our contribution focuses, in particular, on the two largest segments of FinTech, namely FinTech lending and payment platforms; as well as robo-advising. Seen from the viewpoint of Hyman Minsky, all three segments can develop in ways that amplify the overall instability of the financial sector, something which in turn can have repercussions on income and wealth inequality, and financial inclusion. P2P lending, for example, can be used for refinancing existing household debts, thereby fuelling unsustainable debt positions – what Minsky calls speculative and Ponzi finance. Likewise, the extensive use of deposit accounts offered by FinTech platforms can make a bank run more likely, inasmuch as such deposits remain outside the coverage of deposit guarantee schemes, and are thus deprived of the liquidity that characterises incumbent banks' accounts. In order to support our discussion, we use evidence from semi-structured interviews conducted in Latin America, China and the US during the period 2019-2020. Overall, while FinTech has a potential to improve the quality of day-to-day financial services, such potential might become largely compromised if financial instability concerns are not addressed from an early stage.

Governing China's FinTech ecosystem: Entrepreneurial opportunity pursuit in the world of BAT and CCP
Vladimir Pažitka, University of Oxford
Dariusz Wójcik, University of Oxford
Wei Wu, University of Oxford

Entrepreneurial ecosystems in emerging economies face resource scarcities, structural gaps and institutional voids. In the case of China's FinTech ecosystem, these obstacles have surfaced during the internet finance fiasco of 2016/17. The fintech ecosystem in the People's Republic of China has unique characteristics shaped by China's institutional environment and politics. The ecosystem is anchored by big technology companies with Baidu, Alibaba Group and Tencent Holdings in the lead and its design has been influenced by the agenda of the China's Communist Party's (CCP) primary objectives – economic development and Party control. The focus of our analysis is on how the relationship among big state-owned commercial banks, big technology firms and fintech start-ups is governed and the resulting implications for the scope of FinTech ventures. We draw on insights from 50 elite interviews with financial and business services professionals working in banks, law, accounting, management consulting and technology firms. Our results indicate that the Chinese central government as well as local governments and big technology companies effectively act as institutional entrepreneurs and have jointly created a carefully designed FinTech ecosystem in which service provision is heavily concentrated within a small number of leading companies, while smaller FinTech ventures act as technology providers for financial services incumbents and FinTech platform operators. This carefully crafted ecosystem design creates a de-facto monopolistic position of large end-service providers and at the same time allows the CCP to police these companies and draw on the vast amounts of data they generate.

Law, trust, and the development of crowd funding
P. Raghavendra Rau, University of Cambridge

Does legal regulation help or hinder financial innovation? The law and finance literature has argued that the extent to which a country's laws protect investor rights, and the extent to which those laws are enforced, fundamentally determines how finance and governance evolves in that country. In this paper, I examine how the introduction of explicit legal regulation affects financial innovation in a country. Specifically, drawing on a unique hand-collected global database on crowdfunding developed by the Cambridge Centre for Alternative Finance (CCAF), I show how the introduction of regulation affects the scale of a new financial innovation, online crowdfunding. The novel CCAF online crowdfunding database is derived from a series of annual benchmarking surveys administered to a sample of over 2,225 unique platform-models in 191 countries over the period 2015-2018. I show that the introduction of explicit legal regulation appears to significantly increase crowdfunding volume. The effect appears to be at least partly causal. Crowdfunding volume is at best weakly related to social factors such as the country level of generalized trust.

Reshaping Geographies of Real Estate Financing and Investment by Crowdfunding
Dasom Hong, Seoul National University

Crowdfunding, the practice of funding people, projects, or businesses by collecting small amounts of funds from a large number of individuals (the crowd) via online platforms, is considered as one of the major domains of Fintech business. In recent years, crowdfunding has been applied in the real estate and construction industry. Real Estate Crowdfunding (RECF), the most rapidly growing sector of the global crowdfunding industry, has provided investment opportunities to a broader range of investors with smaller amounts of capital. In South Korea, RECF has grown a significant measure of financing for small and medium-sized real estate development and construction companies that have encountered difficulties in raising funds from traditional financial institutions since the global financial crisis. By creating a larger pool of investors and channeling financial capital to projects that could not get loans from financial institutions, RECF has changed the geographies of real estate financing and investment in Korea. Although RECF offers new opportunities for real estate finance and investment, the increased ratio of high-risk projects in RECF implies the need for critical review on RECF. Therefore, this paper investigates how RECF reshapes the geographies on real estate financing and investment toward a more risk manner by analyzing the Korean RECF market and products. Moreover, it reveals the mechanism of RECF platforms inducing speculative investment by dissecting the distinctive risk-revenue structure of the RECF platform, which is disentangled from the risk-revenue structure of real estate development projects and investors.

Formalizing Cryptocurrency Futures
Chris Muellerleile, Swansea University

This paper uses a historical geographic analysis of commodity and financial derivatives to make sense of the spatiality of the rapidly evolving cryptocurrency derivative 'ecosystem'. I pay particular attention to the diffusion of technological and regulatory innovations related to cryptocurrency market structures from Chicago since 2017. While there are older cryptocurrency derivatives contracts, since the launch of Bitcoin futures at both the Chicago Mercantile Exchange (CME) and the Chicago Board Options Exchange in December of 2017, there has been a proliferations of futures and options contracts on cryptocurrencies many of them related in some way to the CME contract. The history of exchange based derivatives suggests that the first mover advantage (often by Chicagoans) is significant, and for Bitcoin this may be the case as the CME contract appears to have captured market share. The basic question the paper attempts to answer is in what ways, and through the diffusion of what kinds of market structures, technologies, and regulations, are cryptocurrency derivatives restructuring the underlying markets for cryptocurrencies. In the U.S. Bitcoin has been formally classified as a 'commodity' by the U.S. federal regulatory agency, the Commodity Futures Trading Commission (CFTC). In the past, this classification has signalled the beginning of a period of formalisation and standardisation of underlying market structures, and this time may be no different even if the underlying markets for cryptocurrencies are designed to evade centralised governance and regulation.

Open discussion

11:50-12:00 **Closing Remarks by the Organisers**